



MICHIGAN STATE UNIVERSITY  
**BOARD OF TRUSTEES**  
Executive Action Summary

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**Committee Name** Budget & Finance

**Date** October 25, 2024

**Agenda Item:** Long-term Ground Lease for Renewable Natural Gas

**Information**

**Discussion**

**Action**

**Resolution:**

BE IT RESOLVED, that the Board of Trustees of Michigan State University hereby authorizes the Administration to enter into a long-term ground lease, easements, and related documents with Consumers Energy for property located in the south campus area within proximity of the Dairy Anaerobic Digester facility, upon such terms as may be acceptable to the President or designee(s).

**Recommendation:**

The Trustee Committee on Budget and Finance recommends that the Board of Trustees authorize the Administration to enter into a long-term relationship with Consumers Energy to establish a Renewable Natural Gas treatment facility to help meet programmatic goals for the previously approved new Dairy Cattle Research and Teaching Center.

**Responsible Officers:**

Dan Bollman, Vice President for Strategic Infrastructure Planning and Facilities

Matthew Daum, Interim Dean, College of Agriculture and Natural Resources

George Smith, Sr. Associate Dean for Research, CANR and Director, AgBioResearch

**Summary:**

Anaerobic digestion technology mitigates greenhouse gas emissions and provides a renewable source of energy. Technological and economic obstacles limit widespread adoption of anaerobic digestors on Michigan dairy farms today. The university will partner with Consumers Energy, a leader in the Michigan renewable energy transition, who will build, own, operate, and maintain a Renewable Natural Gas (RNG) treatment facility on MSU property. The RNG facility will process raw biogas produced at the Dairy Anaerobic Digester facility. This will require:

- **Long-term Ground Lease and Associated Easements** to allow Consumers Energy to build an renewable natural gas treatment facility near the Dairy Anaerobic Digester facility.

- **Expansion of the Dairy Anaerobic Digester Facility** with potential Consumers Energy contribution to capital investment in digester facility upgrades that would double biogas generation with accompanying revenues and research capacity.
- **Long-term Biogas Purchase Agreement** for Consumers Energy to purchase raw biogas from the Dairy Anaerobic Digester facility.

This partnership will result in:

- **Information Exchange** between Consumers Energy and MSU on RNG production, value, and carbon attributes generated integral to research and Extension efforts and application of technology in an agricultural setting.
- **Significant Annual Revenue** generation directly linked to the funding plan for the new Dairy Cattle Research and Teaching Center.

#### **Background Information:**

The state of Michigan has aggressive goals to mitigate climate change including a commitment to transition to 100% clean energy by 2040 and 50% renewable energy by 2030.

The Consumers Energy 2021 clean energy plan includes a commitment to end coal use by 2025 and transition to at least 60% renewable energy by 2040. Consumers Energy has been at the forefront of the clean energy transition – partnership with the agricultural sector and rural communities is critical in Michigan where the state is heavily reliant on agriculture for economic growth.

Renewable Natural Gas (RNG) linked to anaerobic digesters is a viable source of clean energy and can be a contributor to clean energy transition goals. MSU was the first U.S. university to build and operate an anaerobic digester.

#### **Source of Funds:**

A financial plan and contract details between MSU AgBioResearch and Consumers Energy are being explored:

- The expectation is that MSU will produce and sell biogas from the expanded Dairy Anaerobic Digester facility to Consumers Energy and that Consumers Energy will cover 100% of costs to expand the Dairy Anaerobic Digester facility; build, own, operate, and maintain an RNG treatment facility; construct pipeline and interconnections; and land lease costs. Details will be finalized prior to entering into a long-term ground lease.
- In the event that further investigation into the financial plan or contract negotiations results in outcomes unfavorable to MSU/AgBioResearch, the university will not proceed with the project.

#### **Resource Impact:**

This proposal connects to the multiple strategic themes in the MSU 2030 Strategic Plan including:

- **Innovation and Excellence for Global Impact.** Novel research on environmental sustainability strategies for dairy industry linked to mitigation of greenhouse gas emissions in an agricultural setting as well water reclamation.
- **Stewardship and Sustainability.** Tangible impact on greenhouse gas mitigation on campus and beyond by reducing 17,676 metric tons of CO<sub>2</sub>-e emissions per year and establishment of a carbon neutral dairy facility.